Government of Saskatchewan

Annual Report 1985-86

Saskatchewan Public Employees Superannuation Plan

90-05085/

The Honourable Sylvia Fedoruk
Lieutenant Governor
Province of Saskatchewan

Madam:

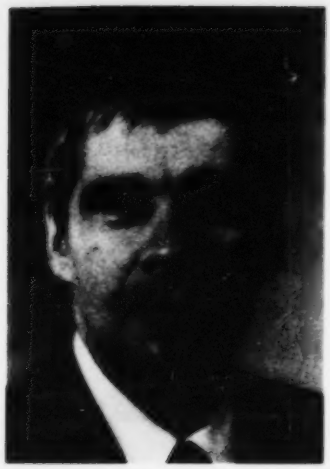
I have the honour to transmit herewith the ninth Annual Report of the Public Employees (Government Contributory) Superannuation Plan for the fiscal year ended March 31, 1986.

I have the honour to be, Madam.

Your Obedient Servant

L. R. Hepworth

Lorne Hepworth
Minister in Charge
Public Employees Superannuation Plan



The Honourable Lorne Hepworth
Minister in Charge
Public Employees Superannuation Plan
Regina, Saskatchewan

Sir:

On behalf of the Supervisory Board of the Public Employees Superannuation Plan, I have the honour to present herewith the ninth Annual Report of the Public Employees (Government Contributory) Superannuation Plan for the fiscal year ended March 31, 1986.

Respectfully submitted,

Supervisory Board
Public Employees Superannuation Plan

Brian Smith
Chairman

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Introduction

The Public Employees (Government Contributory) Superannuation Plan is established by section 38 of The Superannuation (Supplementary Provisions) Act.

The plan was established for permanent employees hired on or after October 1, 1977, by the Government of Saskatchewan and other participating public sector employers. As well, employees covered by The Public Service Superannuation Act, The Saskatchewan Power Superannuation Act, The Saskatchewan Telecommunications Superannuation Act, The Liquor Board Superannuation Act, and The Workmen's Compensation Board Superannuation Act were given the opportunity to transfer to the Public Employees Superannuation Plan prior to October 1, 1978.

Non-permanent employees of participating employers were given the option to join the pension plan in 1982.

Operation of the Plan

Members of the plan contribute 5% of their salary to the Public Employees Superannuation Fund. The members' employer contributes a matching amount.

The assets of the pension fund are invested and all earnings are credited to the members' accounts. The accumulated contributions together with interest form the basis of the members' retirement benefit.

Investment earnings are distributed to the members' accounts at March 31 of each year, with proportionate interest being credited on termination refunds or other benefits paid out during the year.

If a member joined the plan prior to August 1, 1982, member contributions are locked-in and the employer share vested with the member after three years of participation in the plan. If the member joined the plan on or after August 1, 1982, member contributions are locked-in and the employer share becomes vested at age 25 if the member has one year of service or more, and at the completion of one year of service if the member is over age 25.

Locked-in means that if the member terminates employment the member cannot receive a cash refund of the member contributions. Those contributions must be paid to the member in the form of an annuity. Vested means that the employer contributions made on behalf of the member also must be used to provide the member with an annuity. The employer does not receive a refund of those contributions if the member terminates employment. The earliest that a terminated member who is locked-in and vested may receive an annuity is at age 55 years.

Until they are eligible for an annuity terminated members who are locked-in and vested may leave the money in the plan or may transfer their account to a locked-in Registered Retirement Savings Plan (RRSP).

Terminated members who are not locked-in and vested may request a cash refund of employee contributions together with interest. If member contributions are refunded, employer contributions also are refunded to the employer.

The normal age of retirement is age 65 years. However, members may retire and start to receive an annuity as early as age 55 years with one year of pensionable service. As well, members may retire at any time after 35 years participation in the plan. Members must commence receiving an annuity prior to their 71st birthday.

Members use employee and employer contributions plus interest to purchase an annuity. Under the terms of an annuity, members are paid a fixed sum of money on a regular basis, usually monthly, for life. Annuities may be purchased from an insurance company or from the Public Employees Annuity Fund.

Married members must purchase a joint life annuity in which case the annuity is guaranteed for the life of the member and the member's spouse. Single members may elect a single life annuity or may choose a 15 year guarantee period. All members are guaranteed that if they die before their total periodic annuity payments equal at least their account balance at retirement, the difference is paid to their beneficiary or estate.

Men and women retiring under the same circumstances receive the same pension as unisex mortality tables are used in the calculation of the annuity.

If the member dies prior to purchasing an annuity, the member's spouse may elect to purchase an annuity with the member's account balance. Alternatively, the spouse may elect to receive a lump sum payment, transfer the funds to an RRSP, or leave the money in an account with the plan. All other beneficiaries are required to receive a lump sum payment of the account balance.

If the member dies after they have purchased an annuity, the benefit payable to the spouse, beneficiary, or estate is dependent on the type of annuity purchased.

Membership Status

Membership at March 31, 1985		14,795
Add:		
Enrollments during the year	2,039	
Reciprocal transfers in	39	2,078
Less:		
Terminations refunded	472	
Death benefits paid	12	
Reciprocal transfers out	67	
Retirement annuities	54	605
Membership at March 31, 1986		16,268

Administration

For the fiscal year 1985-86, the Supervisory Board engaged the services of the Investment and Financial Services Division of Saskatchewan Finance to provide investment advice. Investments are required to be made in accordance with The Canadian and British Insurance Companies Act (Canada) and The Department of Finance Act, 1983 (Saskatchewan).

The Public Employees Benefits Agency provides the day-to-day administration of the pension plan. For the year in question, expenses associated with the administration of the plan are paid out of funds appropriated by the Legislature.

In accordance with section 39 of The Superannuation (Supplementary Provisions) Act, the plan is administered by a seven member Supervisory Board representing employees and employers.

The Supervisory Board extends its appreciation to the staff of the Public Employees Benefits Agency and the Investment and Financial Services Division and to those persons within government departments, agencies and crown corporations whose co-operation and assistance during the year contributed to the continued successful operation of the plan.

Chairman
Brian Smith

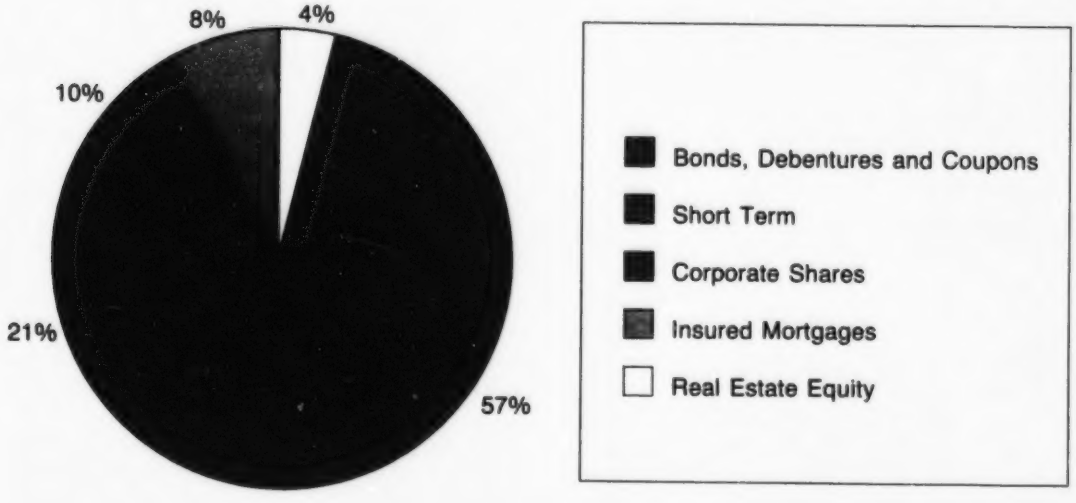
Representing Employers
Gerry Kraus (Finance)
Nancy Croll (Health)
Fred Yeo (SaskTel)

Representing Employees
Ray Bidwell (C.E.W.C.)
Kirby Sanden (I.B.E.W.)
Dan MacKay (S.G.E.U.)

Investments

In 1985-86, the assets of the Public Employees Superannuation Fund were invested by Saskatchewan Finance, Investment and Financial Services Division. The investment portfolio at March 31, 1986 contained the following assets:

Investments by Type



Public Employees Superannuation Plan Investments

Corporate Bonds	$76,140,762	
Government of Saskatchewan Bonds	25,807,775	
Government of Canada Bonds	28,349,634	
Other Provincial Bonds	16,155,128	
Municipal Bonds	7,694,908	
Total Bonds and Coupons		$154,148,207
Short Term		56,437,001
Stocks		25,719,511
Mortgages		22,010,265
Real Estate		10,001,054
Total Investments		$268,316,038

Public Employees (Government Contributory) Superannuation Fund

Schedule of Investment Transactions
Year Ended March 31, 1986

Bonds, Debentures and Coupons Purchased	Maturity Date	Interest Rate %	Cost	% Yield	Par Value
Gov't of Canada	May 1, 2002	10.00	$ 2,055,200.00	11.09	$ 2,240,000
Gov't of Canada	May 1, 2002	10.00	2,853,750.00	10.63	3,000,000
Gov't of Canada	May 1, 2002	10.00	962,500.00	10.482	1,000,000
Gov't of Canada	Dec. 15, 2002	11.25	996,250.00	11.30	1,000,000
Gov't of Canada	Dec. 15, 2002	11.25	996,250.00	11.295	1,000,000
Gov't of Canada	Feb. 1, 2003	11.75	984,375.00	10.55	900,000
Gov't of Canada	Sept. 1, 2005	12.25	1,627,500.00	11.18	1,500,000
Gov't of Canada	Mar. 1, 2005	12.00	1,067,500.00	11.14	1,000,000
Gov't of Canada	Mar. 1, 1994	12.00	997,500.00	12.07	1,000,000
Gov't of Canada	Mar. 1, 1994	12.00	1,066,250.00	10.80	1,000,000
Gov't of Canada	Feb. 1, 1995	12.25	1,313,000.00	12.07	1,300,000
Gov't of Canada	Apr. 1, 1995	11.25	1,040,000.00	11.25	1,040,000
Gov't of Canada	Dec. 15, 1995	10.75	987,500.00	10.95	1,000,000
Gov't of Canada	Dec. 15, 1995	10.75	517,500.00	10.184	500,000
Gov't of Canada	Dec. 6, 1987	9.25	7,985,680.00	9.35	8,000,000
Gov't of Canada	Apr. 15, 1989	9.25	995,000.00	9.42	1,000,000
Gov't of Canada	Sept. 6, 1987	9.75	1,996,000.00	9.873	2,000,000
Gov't of Canada	Mar. 1, 1996	10.25	1,000,000.00	10.25	1,000,000
Gov't of Canada	May 15, 1997	9.25	989,625.00	10.113	1,050,000
Gov't of Canada	Mar. 6, 1988	9.75	996,500.00	9.95	1,000,000
Gov't of Canada	Dec. 15, 1989	11.25	1,048,750.00	9.68	1,000,000
Gov't of Canada	Oct. 1, 1989	10.50	1,017,500.00	9.90	1,000,000
Gov't of Canada	Dec. 15, 1988	9.75	2,040,775.00	9.93	2,050,000
Prov. of Saskatchewan	Apr. 1, 2001	10.25	428,666.80	11.00	454,000
Prov. of Saskatchewan	May 15, 2004	10.00	219,174.20	11.00	238,000
Prov. of Saskatchewan	Mar. 30, 2003	12.25	1,021,250.00	11.95	1,000,000
Prov. of Saskatchewan	Mar. 30, 2003	12.25	3,990,000.00	12.28	4,000,000
Prov. of Saskatchewan (U.S.)	May 15, 2007	8.625	1,071,648.77	11.35	1,370,500
Prov. of Saskatchewan (U.S.)	Apr. 15, 2008	9.25	1,239,906.75	10.50	1,388,800
Prov. of Saskatchewan	Jan. 15, 1991	9.50	1,218,037.50	9.44	1,215,000
Prov. of Saskatchewan	Oct. 2, 1987	9.25	987,600.00	10.10	1,000,000
Ontario Hydro	Jan. 25, 2005	9.375	1,373,100.00	10.40	1,500,000
Ontario Hydro	June 27, 2008	9.75	1,299,750.00	11.40	1,500,000
Ontario Hydro	Jan. 20, 2004	9.25	1,755,775.00	11.40	2,100,000
Ontario Hydro	May 10, 2009	10.00	638,400.00	11.05	700,000
Ontario Hydro	May 10, 2009	10.00	900,700.00	11.20	1,000,000
Ontario Hydro (U.S.)	Nov. 30, 2008	9.375	1,182,898.97	11.00	1,368,700
Ontario Hydro (U.S.)	Jan. 5, 2008	8.75	1,105,347.90	11.10	1,369,700
Prov. of B.C.	June 20, 1995	11.00	2,110,500.00	10.92	2,100,000
City of Edmonton	Dec. 13, 2004	12.875	1,067,500.00	11.97	1,000,000
City of Edmonton	June 14, 2003	12.25	1,180,542.50	11.79	1,142,000
C.I.B.C. Mortgage Corp.	June 15, 1990	11.00	1,000,000.00	11.00	1,000,000
C.I.B.C. Mortgage Corp.	Nov. 14, 1988	10.25	1,000,000.00	10.25	1,000,000

Bonds, Debentures and Coupons Purchased	Maturity Date	Interest Rate %	Cost	% Yield	Par Value
C.I.B.C. Mortgage Corp.	Dec. 11, 1990	10.00	1,000,000.00	10.00	1,000,000
C.I.B.C. Mortgage Corp.	Mar. 11, 1991	9.90	2,988,300.00	10.00	3,000,000
Westcoast Transmission	Jan. 20, 2006	10.60	1,891,200.00	11.29	2,000,000
Westcoast Transmission	July 15, 2000	12.25	577,500.00	11.49	550,000
Royal Bank	Mar. 7, 1988	10.50	999,100.00	10.55	1,000,000
Nova An Alberta Corp.	Dec. 31, 1997	11.25	2,000,000.00	11.25	2,000,000
Nova An Alberta Corp.	Dec. 31, 1997	11.25	990,000.00	11.40	1,000,000
Nova An Alberta Corp.	Dec. 31, 1997	11.25	255,312.50	10.92	250,000
C.N.R.	May 1, 2005	12.25	2,575,000.00	12.25	2,575,000
C.N.R.	May 1, 2005	12.25	1,007,500.00	12.15	1,000,000
C.N.R.	May 1, 2005	12.25	1,107,500.00	10.83	1,000,000
C.N.R.	May 1, 2005	12.25	1,815,937.50	10.63	1,625,000
Montreal Trust	May 23, 1988	11.25	1,500,000.00	11.25	1,500,000
Royal Trust	May 27, 1988	10.875	1,000,000.00	10.875	1,000,000
Royal Trust	Nov. 10, 1987	10.00	1,000,000.00	10.00	1,000,000
Royal Trust	Nov. 10, 1987	10.00	1,502,400.00	9.90	1,500,000
Canada Permanent Trust	June 12, 1989	11.00	1,000,000.00	11.00	1,000,000
Continental Bank	Mar. 1, 1990	10.125	957,500.00	10.125	1,000,000
IPSCO Ltd.	Oct. 1, 1995	11.625	496,875.00	11.73	500,000
Producers Pipeline	June 30 1995	12.00	1,500,000.00	12.00	1,500,000
Trizec	Mar. 15, 1995	11.875	983,750.00	11.80	1,000,000
Trizec	Mar. 15, 1995	11.875	500,625.00	10.36	500,000
Trizec	Mar. 15, 1995	11.875	1,006,250.00	11.761	1,000,000
Ford Motor Credit	Oct. 1, 1992	10.875	980,000.00	11.308	1,000,000
Ford Motor Credit	Oct. 1, 1992	10.875	990,000.00	10.78	1,000,000
Ford Motor Credit	Jan. 8, 1990	10.00	970,400.00	10.95	1,000,000
Beneficial Canada	Dec. 19, 1998	9.90	1,975,000.00	10.40	2,000,000
World Bank	Dec. 5, 2009	10.75	1,952,500.00	11.03	2,000,000
Federated Business Dev. Bank	Feb. 27, 1989	10.375	2,025,000.00	9.87	2,000,000
Cadillac Fairview	Mar. 25, 1996	11.00	1,000,000.00	11.00	1,000,000
A.G.T. Alberta	Mar. 26, 1996	9.75	2,015,000.00	9.63	2,000,000
Canada Coupons	Aug. 1, 1996		1,693,351.25	11.65	5,875,000
			$102,581,704.64		$108,401,700

Schedule of Investment Transactions
Year Ended March 31, 1986

Bonds, Debentures and Coupons Sold	Maturity Date	Interest Rate %	Received	Initial Cost	Par Value
Gov't of Canada	May 1, 2002	10.00	$ 972,468.75	$ 851,877.50	$ 1,025,000.00
Gov't of Canada	May 1, 2002	10.00	1,152,731.25	1,020,600.00	1,215,000.00
Gov't of Canada	May 1, 2002	10.00	2,216,368.75	2,055,200.00	2,240,000.00
Gov't of Canada	May 1, 2002	10.00	2,968,500.00	2,853,750.00	3,000,000.00
Gov't of Canada	May 1, 2002	10.00	1,007,500.00	962,500.00	1,000,000.00
Gov't of Canada	Feb. 1, 2003	11.75	1,022,500.00	984,375.00	900,000.00
Gov't of Canada	Mar. 15, 2002	15.50	664,375.00	552,500.00	500,000.00
Gov't of Canada	Sept. 1, 2005	12.25	2,185,625.00	1,909,843.75	2,125,000.00
Gov't of Canada	Sept. 1, 2005	12.25	2,132,031.25	1,795,000.00	2,000,000.00
Gov't of Canada	Sept. 1, 2005	12.25	1,156,250.00	926,000.00	1,000,000.00
Gov't of Canada	Mar. 1, 2005	12.00	1,120,000.00	918,750.00	1,000,000.00
Gov't of Canada	Mar. 1, 2005	12.00	2,992,500.00	2,767,500.00	3,000,000.00
Gov't of Canada	Mar. 1, 1994	12.00	1,040,230.00	997,500.00	1,000,000.00
Gov't of Canada	Mar. 1, 2006	12.50	1,316,250.00	1,288,625.00	1,300,000.00
Gov't of Canada	Apr. 1, 1995	11.25	1,073,800.00	1,040,000.00	1,040,000.00
Gov't of Canada	Dec. 15, 1995	10.75	508,125.00	493,750.00	500,000.00
Gov't of Canada	Dec. 6, 1987	9.25	2,976,300.00	2,994,630.00	3,000,000.00
Gov't of Canada	Mar. 1, 1996	10.25	1,007,500.00	1,000,000.00	1,000,000.00
Gov't of Canada	Dec. 15, 1988	9.75	2,076,650.00	2,040,775.00	2,050,000.00
Prov. of Saskatchewan	Apr. 1, 2001	10.25	934,100.00	644,000.00	1,000,000.00
Prov. of Saskatchewan	Apr. 1, 2001	10.25	448,688.20	428,666.80	454,000.00
Prov. of Saskatchewan	May 15, 2004	10.00	483,650.00	488,800.00	500,000.00
Prov. of Saskatchewan	May 15, 2004	10.00	483,650.00	469,650.00	500,000.00
Prov. of Sasatchewan	Mar. 30, 2003	12.25	1,062,500.00	997,500.00	1,000,000.00
Prov. of Sask. U.S.	May 15, 2007	8.625	1,094,491.84	899,274.87	1,363,600.00
Prov. of Sask. U.S.	May 15, 2007	8.625	1,205,944.08	1,071,648.77	1,370,500.00
Prov. of Sask. U.S.	Apr. 15, 2008	12.15	1,170,046.88	1,026,090.24	1,363,600.00
Prov. of Sask. U.S.	Apr. 15, 2008	12.50	682,937.27	546,804.46	715,890.00
Prov. of Sask. U.S.	Apr. 15, 2008	10.50	1,300,832.91	1,239,906.75	1,388,800.00
Prov. of Sask. U.S.	Nov. 15, 2006	12.20	2,474,753.24	1,989,900.08	2,727,200.00
Ontario Hydro	Jan. 6, 2004	9.25	150,275.50	138,842.50	185,000.00
Ontario Hydro	Jan. 6, 2004	9.25	812,300.00	721,250.00	1,000,000.00
Ontario Hydro	Jan. 6, 2004	9.25	255,874.50	215,712.00	315,000.00
Ontario Hydro	Mar. 18, 2001	10.00	162,820.00	135,275.00	175,000.00
Ontario Hydro	Mar. 18, 2001	10.00	465,200.00	327,900.00	500,000.00
Ontario Hydro	May 10, 2009	10.00	937,500.00	762,500.00	1,000,000.00
Ontario Hydro	Jan. 29, 2001	10.25	917,200.00	844,800.00	1,000,000.00
Ontario Hydro U.S.	Nov. 30, 2008	9.375	1,259,627.71	1,182,898.97	1,368,700.00
Ontario Hydro U.S.	Jan. 5, 2008	8.75	1,087,738.44	1,105,347.90	1,369,700.00
New Brunswick Electric	Nov. 1, 2004	13.25	564,500.00	496,875.00	500,000.00
Quebec Hydro	Mar. 27, 2004	10.75	194,750.00	159,000.00	200,000.00
Quebec Hydro	May 15, 2003	10.25	561,000.00	480,420.00	600,000.00
Province of B.C.	June 20, 1995	11.00	2,060,625.00	2,110,500.00	2,100,000.00
Consumer's Gas	Nov. 30, 1996	17.75	19,000.00	19,000.00	19,000.00
Nova An Alberta Corp.	Feb. 15, 1997	17.75	41,000.00	38,950.00	41,000.00
Nova An Alberta Corp.	June 15, 1993	12.125	977,031.26	922,687.51	925,000.00

Bonds, Debentures and Coupons Sold	Maturity Date	Interest Rate %	Received	Initial Cost	Par Value
Inland Natural Gas	Nov. 15, 1996	18.25	27,000.00	27,000.00	27,000.00
General Home Accept. Corp.	Feb. 15, 1991	13.50	425,500.00	400,000.00	400,000.00
Toronto Eaton Centre	Apr. 1, 2000	10.00	412,743.10	321,512.20	443,000.00
Toronto Eaton Centre	Apr. 1, 2000	10.00	419,265.00	350,775.00	450,000.00
Toronto Eaton Centre	June 30, 2000	15.00	9,000.00	9,000.00	9,000.00
Westcoast Transmission	July 15, 2000	12.25	831,000.00	801,200.00	800,000.00
Westcoast Transmission	July 15, 2000	12.25	519,375.00	427,200.00	500,000.00
Stelco	Oct. 1, 2000	13.50	66,000.00	66,000.00	66,000.00
AVCO Financial Services	Nov. 1, 1989	13.00	533,600.00	495,000.00	500,000.00
C.I.B.C. Mortgage Corp.	Dec. 18, 1986	11.50	1,022,700.00	1,000,000.00	1,000,000.00
George Weston	June 15, 2000	12.75	25,000.00	25,000.00	25,000.00
George Weston	Dec. 1, 1997	14.125	25,000.00	25,000.00	25,000.00
Pacific Northern Gas	May 1, 1997	18.00	52,000.00	52,000.00	52,000.00
Northern & Central Gas	Nov. 29, 2002	14.00	21,000.00	21,000.00	21,000.00
C.N.R.	May 1, 2005	12.25	531,875.00	500,000.00	500,000.00
C.N.R.	May 1, 2005	12.25	1,063,750.00	1,007,500.00	1,000,000.00
Producers Pipeline	June 30, 1995	12.00	30,555.56	30,555.56	30,555.56
Trizec	Mar. 15, 1995	11.875	512,500.00	491,875.00	500,000.00
Ford Motor Credit Corp.	Oct. 1, 1992	10.875	986,250.00	980,000.00	1,000,000.00
World Bank	Dec. 5, 2009	10.75	2,022,500.00	1,952,500.00	2,000,000.00
Canada Coupons	Feb. 1, 1996	12.80	934,616.81	623,601.56	2,756,250.00
Canada Coupons	Feb. 1, 1997	12.80	813,148.87	550,836.56	2,756,250.00
Canada Coupons	Feb. 1, 1998	12.80	729,386.43	486,560.81	2,756,250.00
Canada Coupons	Feb. 1, 1999	12.80	654,278.62	429,782.06	2,756,250.00
Canada Coupons	Feb. 1, 2000	12.80	586,888.31	379,645.87	2,756,250.00
Canada Coupons	Feb. 1, 2001	12.80	526,443.75	335,325.37	2,756,250.00
Canada Coupons	Mar. 15, 1998	13.85	179,169.37	106,686.25	687,500.00
Canada Coupons	Sept. 15, 1998	13.85	169,668.12	99,776.88	687,500.00
Canada Coupons	Mar. 15, 1999	13.85	160,668.75	93,314.38	687,500.00
Canada Coupons	Sept. 15, 1999	13.85	152,150.62	87,271.25	687,500.00
Canada Coupons	Mar. 15, 2000	13.85	144,079.37	81,620.00	687,500.00
Canada Coupons	Aug. 1, 1996	11.65	1,889,458.75	1,693,351.25	5,875,000.00
Quebec Hydro Coupons	Mar. 30, 1997	13.950	912,825.62	575,149.37	3,312,500.00
Quebec Hydro Coupons	Sept. 30, 1997	13.950	862,575.00	537,453.12	3,312,500.00
			$69,649,713.88	$61,980,869.59	$94,400,545.56

Net increase in bonds, debentures and coupons at par value (108,401,700 – 94,400,546)	$ 14,001,154
Add: Bonds, Debentures and Coupons as at March 31, 1985 at par value	145,110,290
Total bonds, debentures and coupons (par value) March 31, 1986	$159,111,444
Less: Unamortized Discount	4,963,237
Total bonds, debentures and coupons (at amortized cost) March 31, 1986	$154,148,207
Total bonds, debentures and coupons (at amortized cost) March 31, 1985	114,241,761
Net increase in bonds, debentures and coupons at amortized cost	$ 39,906,446

Short Term Investments	Purchased	Disposed	Net
Transactions during year	$303,002,361	$275,284,590	$27,717,771

Insured Mortgages at Cost — Transactions During the Fiscal Year 1985-86	Interest Rate %	Principal Purchased	Principal Reduction	Net
Morguard Trust — Albert Square	11.000	$ —	$ 19,629	$ (19,629)
Maritime Life — Forest Gardens	11.375	16,299	—	16,299
Bankcorp Financial — E & E Hauling	11.625	12,901	—	12,901
T.D. Bank — Sunrise Gardens	13.000	14,412	—	14,412
H.A. Roberts — Regina Market Mall	14.000	—	3,622	(3,622)
Montrose Mtge. - Highfield Properties	12.000	8,792	2,084	6,708
Morguard Trust — Southgate Plaza	14.375	293	329	(36)
Morguard Trust — Hugh Garner	15.750	—	316	(316)
Co-op Trust — Briarview Co-op	18.750	—	41	(41)
Co-op Trust — Ann Marie Hill I	20.750	7,126	—	7,126
Montrose Mtge. Corp. — Westfor	17.000	—	2,624	(2,624)
Bancorp Financial — Birch Housing	22.000	7,967	8,101	(134)
Montrose Mtge. — Harvard & Dover	18.500	2,813	519,982	(517,169)
London Life — Nepean Ont.	14.000	99	8,140	(8,041)
Morguard Inv. Ltd. — Parkview Square	13.500	—	12,938	(12,938)
Montrose Mtge. — Rivergate Estates	14.130	16,406	1,599	14,807
T.D. Bank — Denand Investments	14.250	998,242	752	997,490
Montrose Mtge. — Evergreen Place	14.500	73,659	2,022	71,637
Montrose Mtge. — Pines of Normanview	13.400	—	4,649	(4,649)
Morguard Trust — Kipling Towers	7.250	—	45,228	(45,228)
Morguard Trust — Glendale Lodge	9.750	—	12,556	(12,556)
Morguard Trust — Hyde Park I	13.375	—	29,305	(29,305)
Morguard Trust — Hyde Park II	14.750	—	7,479	(7,479)
Royal Trust — Surrey Place	10.250	—	18,136	(18,136)
Montrose Mtge. — Parkview Office	11.500	1,732	6,324	(4,592)
Western Ltd. — Lakewood Plaza	—	960,000	—	960,000
Morguard Trust — Parkside	—	914,023	10,997	903,026
		$3,034,764	$716,853	$2,317,911

Corporate Shares at Cost — Transactions During the Fiscal Year 1985-86	Shares	Purchased	Disposed	Net
Moore Corporation	N/A	$ 332,308	$ —	$ 332,308
Moore Corporation	10,000	—	498,463	(498,463)
C.I.B.C. (Common)	30,000	—	921,359	(921,359)
Canada Development Corp.	N/A	—	41	(41)
Standard Broadcasting	N/A	—	3	(3)
Canadian Pacific Ltd.	10,000	174,450	—	174,450
Hiram Walker	5,500	183,465	—	183,465
Trans Canada Pipelines	2,000	46,160	—	46,160
Westcoast Transmission	76,000	—	1,062,237	(1,062,237)
Goldcorp Investments	75,000	—	638,708	(638,708)
Nova Corp "A"	147,500	—	1,042,558	(1,042,558)
Imasco Ltd.	6,000	154,075	—	154,075
Trans Alta Utlities "A"	2,000	53,660	—	53,660
Norcen Energy Conv. PFD	300,000	—	750,000	(750,000)
Worldwide Equities	6,700	57,620	—	57,620
Worldwide Equities	80,700	—	724,135	(724,135)
Pacific Western Airlines	50,700	—	666,490	(666,490)
National Trust Global	9,454	—	1,021,423	(1,021,423)
Molson Companies	22,000	—	364,980	(364,980)
Royal Trust Europac	92,083	—	1,000,000	(1,000,000)
Texaco Canada	N/A	328,700	—	328,700
Dofasco	28,000	910,000	—	910,000
Seagrams	17,000	898,195	—	898,195
Consolidated Bathurst	2,500	41,875	—	41,875
Genstar Corp.	6,000	189,750	—	189,750
Gulf Canada	27,000	538,060	—	538,060
Gulf Canada	27,000	—	538,060	(538,060)
Canron	21,500	537,500	—	537,500
Canron	21,500	—	537,500	(537,500)
Imperial Oil	5,500	269,805	—	269,805
Alcan Aluminum Ltd.	3,500	126,315	—	126,315
Northern Telecom	8,000	345,245	—	345,245
Inco	13,000	279,840	—	279,840
Thomson Newspapers	2,000	47,160	—	47,160
Cable & Wireless	40,000	248,000	—	248,000
Cable & Wireless	40,000	—	248,000	(248,000)
Canada Tire	10,000	120,800	—	120,800
Sask. Oil	25,500	246,500	—	246,500
National Bank	6,500	166,170	—	166,170
Normanda Mines	6,000	116,790	—	116,790
Selkirk Communications	3,600	96,606	—	96,606
Teck	4,000	99,980	—	99,980
Ivaco	16,436	297,902	—	297,902
J.C. Penny	12,500	—	834,150	(834,150)
Richardson Vicks Inc.	36,500	—	1,168,202	(1,168,202)
Texas Instruments	13,000	—	2,130,053	(2,130,053)
Interco	20,000	1,745,655	—	1,745,655
Interco	40,000	—	3,251,900	(3,251,900)

Corporate Shares at Cost — Transactions During the Fiscal Year 1985-86	Shares	Purchased	Disposed	Net
Kerr McGee Corp.	32,900	1,379,315	—	1,379,315
Kerr McGee Corp.	32,900	—	1,379,315	(1,379,315)
American Hospital Supply	40,000	1,752,729	—	1,752,729
American Hospital Supply	43,000	—	1,878,510	(1,878,510)
Revelon Inc.	25,200	—	1,198,271	(1,198,271)
W.B. Grace & Co.	32,000	—	1,803,784	(1,803,784)
Standard Oil of Ohio	83,600	5,192,523	—	5,192,523
Standard Oil of Ohio	103,600	—	6,443,021	(6,443,021)
Schlumberger Ltd.	31,700	1,672,027	—	1,672,027
Schlumberger Ltd.	31,700	—	1,672,027	(1,672,027)
Proctor & Gamble	20,000	1,503,153	—	1,503,153
Proctor & Gamble	20,000	—	1,503,153	(1,503,153)
Staley Continental Inc.	50,000	1,364,545	—	1,364,545
Staley Continental Inc.	50,000	—	1,364,545	(1,364,545)
Diamond Shamrock Corp.	50,000	1,321,290	—	1,321,290
Diamond Shamrock Corp.	50,000	—	1,321,290	(1,321,290)
United Technologies	30,000	1,546,894	—	1,546,894
United Technologies	30,000	—	1,546,894	(1,546,894)
Jack Eckerd Corp.	35,000	1,227,293	—	1,227,293
Jack Eckerd Corp.	35,000	—	1,227,293	(1,227,293)
Household International	38,300	1,880,049	—	1,880,049
Household International	38,300	—	1,880,049	(1,880,049)
Cadbury Schweppes	157,500	4,587,798	—	4,587,798
Cadbury Schweppes	157,500	—	4,587,798	(4,587,798)
Merrill Lynch & Co.	33,000	1,375,700	—	1,375,700
Merril Lynch & Co.	33,000	—	1,375,700	(1,375,700)
Hitachi Ltd.	30,000	1,190,401	—	1,190,401
Hitachi Ltd.	30,000	—	1,190,401	(1,190,401)
U.S. Shoe Co.	38,100	1,843,228	—	1,843,228
U.S. Shoe Co.	38,100	—	1,843,228	(1,843,228)
Beatrice Companies	29,000	1,225,703	—	1,225,703
Beatrice Companies	29,000	—	1,225,703	(1,225,703)
Becton Dickinson & Co.	25,000	1,819,530	—	1,819,530
Becton Dickinson & Co.	25,000	—	1,819,530	(1,819,530)
North American Phillips	39,800	1,862,734	—	1,862,734
North American Phillips	39,800	—	1,862,734	(1,862,734)
Imperial Chemical Ind.	32,000	1,691,778	—	1,691,778
Imperial Chemical Ind.	32,000	—	1,691,778	(1,691,778)
Transamerica Corp.	29,800	1,233,252	—	1,233,252
Transamerica Corp.	29,800	—	1,233,252	(1,233,252)
U.S. Air Group	38,000	1,780,585	—	1,780,585
U.S. Air Group	38,000	—	1,780,585	(1,780,585)
Universal Foods	48,100	1,766,993	—	1,766,993
Universal Foods	48,100	—	1,766,993	(1,766,993)
ITT Corp.	45,000	2,000,498	—	2,000,498
ITT Corp.	45,000	—	2,000,498	(2,000,498)
Federated Dept. Stores	37,000	3,057,664	—	3,057,664
Federated Dept. Stores	37,000	—	3,057,664	(3,057,664)

Corporate Shares at Cost — Transactions During the Fiscal Year 1985-86	Shares	Purchased	Disposed	Net
Placer Developments	27,000	378,000	—	378,000
Travelers Corp.	25,000	1,418,025	—	1,418,025
Travelers Corp.	25,000	—	1,418,025	(1,418,025)
Penwalt Corp.	40,000	2,063,468	—	2,063,468
Penwalt Corp.	40,000	—	2,063,468	(2,063,468)
Archer Daniels Midland	50,000	1,379,813	—	1,379,813
Archer Daniels Midland	50,000	—	1,379,813	(1,379,813)
Lockheed Corp.	51,200	3,260,008	—	3,260,008
Lockheed Corp.	51,200	—	3,260,008	(3,260,008)
Amerada Hess Corp.	41,300	1,666,752	—	1,666,752
Amerada Hess Corp.	41,300	—	1,666,752	(1,666,752)
Times Mirror Co.	25,000	1,540,848	—	1,540,848
Times Mirror Co.	25,000	—	1,540,848	(1,540,848)
Sperry Corp.	58,000	3,873,168	—	3,873,168
Sperry Corp.	58,000	—	3,873,168	(3,873,168)
Shell Transport	30,000	1,573,546	—	1,573,546
Shell Transport	30,000	—	1,573,546	(1,573,546)
Diebold Inc.	30,000	1,511,287	—	1,511,287
Diebold Inc.	30,000	—	1,511,287	(1,511,287)
Rex Nord	50,000	958,798	—	958,798
Rex Nord	50,000	—	958,798	(958,798)
Humana Inc.	57,300	2,294,189	—	2,294,189
Humana Inc.	24,300	—	939,922	(939,922)
Whirlpool Corp.	22,900	1,498,798	—	1,498,798
Whirlpool Corp.	22,900	—	1,498,798	(1,498,798)
Combustion Engineering	21,300	853,651	—	853,651
Combustion Engineering	21,300	—	853,651	(853,651)
Viacom International	10,000	816,485	—	816,485
Viacom International	10,000	—	816,485	(816,485)
American General Corp.	30,000	1,361,669	—	1,361,669
American General Corp.	30,000	—	1,361,669	(1,361,669)
Cheseborough Ponds	35,000	2,024,386	—	2,024,386
Cheseborough Ponds	30,700	—	1,775,415	(1,775,415)
Litton Industries	24,700	2,727,241	—	2,727,241
Litton Industries	24,700	—	2,727,241	(2,727,241)
Harris Corp.	58,400	2,249,317	—	2,249,317
Harris Corp.	27,400	—	1,032,856	(1,032,856)
Kidde & Co.	30,000	1,405,540	—	1,405,540
Anchor Hocking Inc.	35,100	1,220,617	—	1,220,617
Anchor Hocking Inc.	35,100	—	1,220,617	(1,220,617)
MEI Corp.	17,000	915,518	—	915,518
AMR Corp.	25,000	1,396,598	—	1,396,598
AMR Corp.	25,000	—	1,396,598	(1,396,598)
American Medical Intl.	67,900	1,972,904	—	1,972,904
American Medical Intl.	40,000	—	1,159,734	(1,159,734)
B.A.T. Industries	200,000	1,488,519	—	1,488,519
B.A.T. Industries	200,000	—	1,488,519	(1,488,519)

Corporate Shares at Cost — Transactions During the Fiscal Year 1985-86	Shares	Purchased	Disposed	Net
Equitable Resources	25,000	1,321,502	—	1,321,502
Fuji Photo Film Co.	50,000	1,421,156	—	1,421,156
Grumman Corp.	50,000	1,629,960	—	1,629,960
Grumman Corp.	50,000	—	1,629,960	(1,629,960)
Honda Motor Corp.	30,000	2,480,949	—	2,480,949
Honda Motor Corp.	15,000	—	1,262,510	(1,262,510)
K-Mart	35,000	1,671,855	—	1,671,855
K-Mart	35,000	—	1,671,855	(1,671,855)
Morrison Knudson Corp.	20,600	1,166,329	—	1,166,329
Morrison Knudson Corp.	20,600	—	1,166,329	(1,166,329)
National Medical Ent.	54,600	1,594,419	—	1,594,419
National Medical Ent.	54,600	—	1,594,419	(1,594,419)
Pfizer Inc.	20,000	1,376,155	—	1,376,155
Pfizer Inc.	20,000	—	1,376,155	(1,376,155)
Southwestern Airlines	50,000	1,473,914	—	1,473,914
Southwestern Airlines	50,000	—	1,473,914	(1,473,914)
Telerate Inc.	46,100	1,118,363	—	1,118,363
Tokheim Corp.	32,000	833,647	—	833,647
Tokheim Corp.	32,000	—	833,647	(833,647)
Torchmark Corp.	103,300	3,243,205	—	3,243,205
Torchmark Corp.	103,300	—	3,243,205	(3,243,205)
Transworld Corp.	40,000	2,171,108	—	2,171,108
Transworld Corp.	40,000	—	2,171,108	(2,171,108)
U.S. Tobacco	53,600	2,333,736	—	2,333,736
U.S. Tobacco	53,600	—	2,333,736	(2,333,736)
Warner Lambert Inc.	30,000	1,980,819	—	1,980,819
Warner Lambert Inc.	30,000	—	1,980,819	(1,980,819)
White Consolidated	20,000	968,110	—	968,110
White Consolidated	20,000	—	968,110	(968,110)
		$121,562,640	$123,275,263	$(1,712,623)

Real Estate Equity — Transactions for the Fiscal Year 1985-86	Purchased	Disposed	Net
Viking Rideau Corp	$ —	$ 799	$ (799)
Pension Fund Realty — Development Series I	—	13,991	(13,991)
Great West Life — Parkview Properties Ltd.	11,350	—	11,350
Pension Fund Realty — Riverview Series	86,735	—	86,735
Pension Fund Realty — Met. Toronto Conv.	64,946	—	64,946
Sask. Pen. Properties — Royal Bank Series	465,333	—	465,333
Sask. Pen. Properties — Victoria Plaza West	1,035,341	—	1,035,341
H. A. Roberts — South Broad Plaza	71	318,388	(318,317)
Windfield Developments — Victoria Ind. Place	4,849	—	4,849
Pension Fund Realty — Albert & Bank	219,105	—	219,105
Sask. Pen. Properties — Series B	78,000	—	78,000
Pension Fund Realty — Sherwin Road	1,024,739	—	1,024,739
Slater-Metcalfe	224,495	—	224,495
	$3,214,964	$333,178	$2,881,786

Summary of Investment Transactions (At Cost)	1985-86	1984-85
Bonds, Debentures and Coupons (at amortized cost)	$ 39,906,446	$ 31,171,272
Insured Mortgages	2,317,911	5,567,368
Corporate Shares	(1,712,623)	(4,679,122)
Real Estate Equity	2,881,786	2,317,660
Short Term	27,717,771	17,014,877
Total Investment Transactions — Net Increase	$ 71,111,291	$ 51,392,055
Investments Beginning of Fiscal Year (At Cost)	197,204,747	145,812,692
	$268,316,038	$197,204,747

Public Employees (Government Contributory) Superannuation Fund

Financial Statements

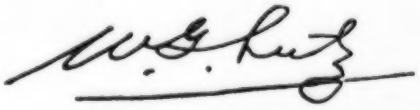
For the Year Ended March 31, 1986

Auditor's Report

To the Members of the Legislative Assembly
Province of Saskatchewan

I have examined the statement of financial position of the Public Employees (Government Contributory) Superannuation Fund as at March 31, 1986, and the statements of changes in members' accumulated balances, annuity underwriting operations and retained earnings and changes in unallocated fund balance for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1986 and the results of its operations for the year then ended in accordance with the accounting principles disclosed in note 2 to the financial statements applied on a basis consistent with that of the preceding year.



Regina, Saskatchewan
October 6, 1989

W. G. Lutz, F.C.A.
Provincial Auditor

Statement 1

Public Employees (Government Contributory) Superannuation Fund
Statement of Financial Position

As at March 31

	1986	1985
Assets		
Contributions and transfers receivable	$ 2,698,664	$ 2,683,599
Accrued investment income	5,931,695	4,998,966
Investments (Note 3)	268,316,038	197,204,747
Unamortized (gain)/loss on investments sold (net)	(4,706,524)	958,757
	$272,239,873	$205,846,069
Liabilities and Fund Balance		
Liabilities:		
Bank indebtedness, including outstanding cheques	$ 1,042,081	$ 1,073,143
Refunds, transfers and other payables	311,805	386,368
Deferred revenue	23,800	24,800
Members' accumulated balances (Statement 2) (Note 4)	269,434,713	203,219,333
Accumulated provision for annuities payable (Note 5)	—	1,108,477
Payable to Public Employees (Government Contributory) Annuity Fund (Note 6)	680,932	—
	$271,493,331	$205,812,121
Fund Balance:		
Unallocated members' fund balance (Statement 4)	$ 746,542	$ 7,194
Retained earnings — annuity operations (Statement 3)	—	26,754
	$272,239,873	$205,846,069

(See accompanying notes)

Statement 2

Public Employees (Government Contributory) Superannuation Fund
Statement of Changes in Members' Accumulated Balances

Year Ended March 31

	1986	1985
Members' accumulated balances, beginning of year	$203,219,333	$151,390,166
Add:		
Employee and employer current contributions	35,720,890	31,757,640
Reciprocal transfers in	1,301,706	890,772
Earnings allocated to members (Statement 4)	32,789,916	23,217,072
	$273,031,845	$207,255,650
Deduct:		
Termination refunds	$ 993,070	$ 1,844,174
Lump sum retirement benefits	1,034	868
Death benefits	97,761	199,525
Transfers to annuity underwriting operations (Statement 3) (Note 6)	1,216,407	454,816
Reciprocal transfers out	1,288,860	1,536,934
	$ 3,597,132	$ 4,036,317
Members' accumulated balances, end of year	$269,434,713	$203,219,333

(See accompanying notes)

Statement 3

Public Employees (Government Contributory) Superannuation Fund Statement of Annuity Underwriting Operations and Retained Earnings

Year Ended March 31

	1986	1985
Revenue:		
Transfer of accumulated balances of members electing to have retirement annuities underwritten by the Plan (Statement 2)	$1,216,407	$454,816
Earnings (Statement 4)	236,524	118,693
Total Revenue	$1,452,931	$573,509
Expenses:		
Annuities paid	$ 207,001	$114,678
Change in accumulated provision for annuities payable (Note 5)	1,205,621	432,077
Total Expense	$1,412,622	$546,755
Net income	$ 40,309	$ 26,754
Retained earnings, beginning of period	26,754	—
Transfer to Public Employees (Government Contributory) Annuity Fund (Note 6)	(67,063)	—
Retained earnings, end of period	$ —	$ 26,754

(See accompanying notes)

Statement 4

Public Employees (Government Contributory) Superannuation Fund
Statement of Changes in Unallocated Fund Balance

Year Ended March 31

	1986	1985
Unallocated fund balance, beginning of year	$ 7,194	$ 3,321
Add:		
Investment earnings	34,065,559	23,339,638
	$34,072,753	$23,342,959
Deduct:		
Allocation of earnings to:		
— Members' accumulated balances (Statement 2)	$32,789,916	$23,217,072
— Annuity underwriting operations (Statement 3) (Note 6)	236,524	118,693
— Special allocation re transfer to Annuity Fund (Note 6)	299,771	—
	$33,326,211	$23,335,765
Unallocated fund balance, end of year (Statement 1)	$ 746,542	$ 7,194

(See accompanying notes)

Public Employees (Government Contributory) Superannuation Fund
Notes to Financial Statements

March 31, 1986

1. Description of Plan

The Superannuation (Supplementary Provisions) Act established the Public Employees (Government Contributory) Superannuation Plan effective October 1, 1977. Specified contributions and interest earnings thereon are accumulated for each contributor in the fund for the ultimate purpose of providing for a guaranteed life annuity for the contributor at the time of retirement.

Upon retirement from the Public Employees (Government Contributory) Superannuation Plan, an employee may elect to receive an annuity from the Supervisory Board or from a private annuity underwriter. On March 31, 1986 all annuity underwriting activities administered by the Board were transferred to the Public Employees (Government Contributory) Annuity Fund (Note 6).

2. Significant Accounting Policies

a) **Investments**

The Fund records all investment transactions at cost.

Premiums and discounts on the acquisition of bonds, debentures and coupons are amortized to earnings over the term of the security.

Gains or losses on the disposal of fixed income securities are deferred and amortized over the remaining term of the security sold.

b) **Reciprocal Transfers**

Reciprocal agreements have been signed with other pension plans, setting forth conditions and procedures for the transfer of an individual's accumulated contributions and earnings to or from another pension plan following a change in employment. Such transfers into (out of) the Fund are recorded as receivable (payable) at the date on which an authorization for the transfer of funds is signed by the employee, provided that information is available to allow calculation of the amount to be transferred.

c) **Annuity Underwriting Operations**

For those members who have elected to have their retirement annuities underwritten by the plan, the members' accumulated balances at the date of retirement are transferred to the annuity underwriting operations.

Since the underwriting operations represent a claim on the Fund's assets, a proportionate share of the investment earnings of the Fund was allocated to the operations.

Annuity payments include both principal and interest portions.

3. Investments

	1986		1985	
	Cost	Market Value	Cost	Market Value
Bonds and debentures, at par value:				
Government of Canada	$ 28,325,000	$ 31,399,356	$ 21,640,000	$ 21,777,606
Province of Saskatchewan	27,280,000	29,558,203	28,997,290	27,123,532
Other provinces and provincial guaranteed	18,410,000	19,707,420	17,085,000	15,512,123
Corporate	77,278,444	84,809,416	45,112,000	46,509,321
Municipal	7,818,000	9,395,050	5,676,000	5,608,991
Total bonds and debentures at par value	$159,111,444		$118,510,290	
Less unamortized discounts	4,963,237		9,286,618	
Total bonds and debentures at amortized cost	$154,148,207	$174,869,445	$109,223,672	$116,531,573
Coupons at maturity value	—		26,600,000	
Less unamortized discounts	—		21,581,911	
Coupons at amortized cost	$ —	—	$ 5,018,089	5,476,826
Mortgages	22,010,265	22,247,252	19,702,158	19,509,886
Corporate shares	25,719,511	28,583,757	27,432,134	28,496,506
Short term investments	56,437,001	56,437,001	28,719,230	28,719,230
	$258,314,984	$282,137,455	$190,095,283	$198,734,021
Real estate equities	10,001,054	*	7,109,464	*
Total investments	$268,316,038		$197,204,747	

*No independent valuation of the real estate equities has been conducted as at March 31, 1986. As a result, market value has not been included in this schedule.

4. Members' Accumulated Balances

This item represents the aggregate of employer and employee contributions together with proportionate earnings of the Fund as allocated at each fiscal year-end. Proportionate earnings are also allocated during the year in respect of termination refunds and other benefits based on the rate prevailing at the previous fiscal year-end.

An amendment to the Superannuation (Supplementary Provisions) Act established revised vesting provisions for the Plan for contributors who commenced employment on or after August 1, 1982. For these persons, all contributions and earnings thereon will be permanently vested and locked in when the contributor reaches age 25 with one year of service, or at the completion of one year of service if over the age of 25 years at commencement of employment. For persons who commenced employment prior to August 1, 1982, all contributions and earnings thereon will continue to be permanently vested and locked in upon completion of three years' participation in the Plan.

The approximate portion of the accumulated balances which are vested at the respective fiscal year ends is summarized below:

	1986	1985
	(000's)	(000's)
Amount vested	$262,993	$194,130
Amount not vested	6,442	9,089
Total members' accumulated balances	$269,435	$203,219

5. Accumulated Provision for Annuities Payable

The accumulated provision for annuities payable represents the present value of the plan's future expected payment obligations in connection with those annuities underwritten by the plan. The present value is determined by discounting the expected payment stream by using an appropriate interest rate factor at the time of underwriting. Any change in the accumulated provision is recorded as revenue or expense.

The last actuarial valuation performed was at March 31, 1986 and was used to determine the change in accumulated provision in Statement 3.

6. Establishment of the Public Employees (Government Contributory) Annuity Fund

a) **Discontinuance of Annuity Underwriting Operations**

The Public Employees (Government Contributory) Annuity Fund was established under provisions of an amendment to the Superannuation (Supplementary Provisions) Act, assented to on June 19, 1985. The Annuity Fund was established to create a separate fund for the annuity underwriting operations administered by the Supervisory Board of the Public Employees (Government Contributory) Superannuation Plan.

Annuity operations commenced in the Annuity Fund April 1, 1986 following the transfer of assets on March 31, 1986.

b) **Transfer of Assets**

Prior to the establishment of the Annuity Fund, all amounts used to provide for annuities underwritten by the Public Employees (Government Contributory) Superannuation Plan were included in the total assets of the Public Employees (Government Contributory) Superannuation Fund. As such, there were no specifically identifiable assets supporting the annuity contracts underwritten since the Plan's inception. Asset values to be transferred to the Public Employees (Government Contributory) Annuity Fund had not been determined as at March 31, 1986, consequently the Supervisory Board approved a cash transfer of $2,000,000 to the Annuity Fund on that date. The Supervisory Board subsequently approved the total transfer value from the Public Employees (Government Contributory) Superannuation Fund to the Annuity Fund at March 31, 1986.

The transfer amount was established by the Board based on a deemed market value equivalent of assets to which the Annuity Fund should have been entitled had a separate fund been established since the inception of the annuity underwriting operations.

7. Related Party Transactions

In accordance with Section 39(4) of The Superannuation (Supplementary Provisions) Act all general administrative and employee costs required for the administration of the Fund are paid out of the Consolidated Fund of the Province of Saskatchewan. Accordingly, no provision for these costs is included in these financial statements.

Public Employees (Government Contributory) Annuity Fund

Financial Statements

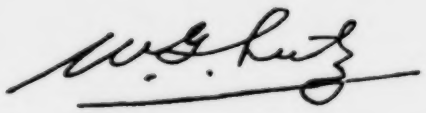
For the Year Ended March 31, 1986

Auditor's Report

To the Members of the Legislative Assembly
Province of Saskatchewan

I have examined the statement of financial position of the Public Employees (Government Contributory) Annuity Fund as at March 31, 1986. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, this financial statement presents fairly the financial position of the Fund as at March 31, 1986 in accordance with the accounting principles disclosed in note 1 to the financial statement.



Regina, Saskatchewan
October 6, 1989

W. G. Lutz, F.C.A.
Provincial Auditor

Statement 1

Public Employees (Government Contributory) Annuity Fund
Statement of Financial Position

As at March 31, 1986

Assets	
Cash	$2,000,000
Accounts receivable — Public Employees (Government Contributory) Superannuation Fund (Notes 3, 4)	680,932
	$2,680,932
Liabilities and Fund Surplus	
Liabilities:	
Accumulated provision for annuities payable	$2,660,628
Fund Surplus (Note 3)	20,304
	$2,680,932

(See accompanying notes)

Public Employees (Government Contributory) Annuity Fund
Notes to Financial Statements

March 31, 1986

1. Significant Accounting Policies

Accumulated Provision for Annuities Payable

The accumulated provision for annuities payable represents the present value of the annuities underwritten by the Public Employees (Government Contributory) Superannuation Plan and is determined annually pursuant to an actuarial valuation. Any resulting change in the liability pursuant to the valuation is recognized as a revenue or expense item in that year's operations.

The actuarial valuation is based on assumptions about future events such as interest rates and mortality. The interest rate assumptions used reflect interest rates applicable to annuity purchases under the Public Employees (Government Contributory) Superannuation Plan in April, 1986, and is indicative of provincial bond yields available at March 31, 1986.

2. Description of Fund

The Public Employees (Government Contributory) Annuity Fund (Annuity Fund) was established under provisions of an amendment to the Superannuation (Supplementary Provisions) Act, assented to on June 19, 1985. Annuity activities of the Supervisory Board were conducted through the Public Employees (Government Contributory) Superannuation Fund (PESF) until March 31, when assets were transferred to the Annuity Fund to allow for the separate administration of annuity activities (see note 3). Accordingly, the results of all annuity underwriting activities for the year ended March 31, 1986 and prior years of the Public Employees (Government Contributory) Superannuation Plan are presented in the financial statements of the Public Employees (Government Contributory) Superannuation Fund.

The Annuity Fund was established to create a separate fund for the annuity underwriting operations administered by the Supervisory Board of the Public Employees (Government Contributory) Superannuation Plan. Upon retirement from the Public Employees (Government Contributory) Superannuation Plan, an employee may elect to receive an annuity from the Supervisory Board or from a private annuity underwriter. Annuity payments are provided by the amount standing to the employee's credit in the Public Employees (Government Contributory) Superannuation Fund at the date of retirement. Transfers into the Annuity Fund are from those employees who have elected to receive an annuity from the Supervisory Board. Annuity payments out of the Fund are determined and administered in accordance with regulations issued pursuant to subsection 44(1) of The Superannuation (Supplementary Provisions) Act.

3. Transfer of Assets — Establishment of the Public Employees (Government Contributory) Annuity Fund

As discussed in Note 2, prior to the establishment of the Annuity Fund, all amounts used to provide for annuities underwritten by the Public Employees (Government Contributory) Superannuation Plan were included in the total assets of the Public Employees (Government Contributory) Superannuation Fund. As such, there were no specifically identifiable assets supporting the annuity contracts underwritten since the Plan's inception. Asset values to be transferred from the Public Employees (Government Contributory) Superannuation Fund had not been determined as at March 31, 1986, consequently the Supervisory Board approved a cash transfer of $2,000,000 to the Annuity Fund on that date. The Supervisory Board

subsequently approved the total transfer value from the Public Employees (Government Contributory) Superannuation Fund to the Annuity Fund to be $2,680,932 as at March 31, 1986.

The transfer amount was established by the Board based on a deemed market value equivalent of assets to which the Annuity Fund should have been entitled had a separate fund been established since the inception of the annuity underwriting operations. The amount transferred at March 31, 1986 exceeds the accumulated provision for annuities payable at that date by $20,304 and this difference is reflected in the financial statements as a beginning fund surplus.

4. Accounts Receivable — Public Employees (Government Contributory) Superannuation Fund

This amount represents the residual amount of funds required to be transferred from the Public Employees (Government Contributory) Superannuation Fund pursuant to the establishment of the Annuity Fund.

5. Related Party Transactions

In accordance with section 39(4) of The Superannuation (Supplementary Provisions) Act, all general administrative and employee costs required for the administration of the Fund are paid out of the Consolidated Fund of the Province of Saskatchewan. Accordingly, no provision for these costs is included in these financial statements.